

Message Text

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FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC PRIORITY 1807

S E C R E T SECTION 1 OF 3 KUWAIT 4984

FI CHANNEL

E.O. 11652: GDS
TAGS: ASIG, KU
SUBJECT: POST MEMORANDUM - KUWAIT

REF: (A) STATE 211869, (B) KUWAIT A-004, FEB. 1, 1978.

IN RESPONSE TO DEPARTMENT'S WORLD-WIDE REQUIREMENT, THE EMBASSY PARTICIPATED IN THE "GOALS AND OBJECTIVES" EXERCISE EARLIER THIS YEAR. KUWAIT'S A-004, FEB. 1, 1978 ON THAT SUBJECT REMAINS A GENERALLY VALID DESCRIPTION OF OUR RELATIONS WITH KUWAIT, OF ISSUES AND PROBLEMS IN THOSE RELATIONS, AND OF OUR EVALUATION OF THE EXTENT TO WHICH WE ARE ACCOMPLISHING POLICY AND PROGRAM OBJECTIVES. THIS POST MEMORANDUM, ACCORDINGLY, BUILDS ON THE TEXT OF THAT AIRGRAM AND BRINGS IT UP TO DATE.

I. STATE OF RELATIONS: THE OPENING SECTION, "OVERVIEW," OF A-004 REMAINS A VALID DESCRIPTION OF OUR BILATERAL RELATIONS.

II. ISSUES AND PROBLEMS:

A. MIDDLE EAST POLICY: AS THIS IS WRITTEN, THE GOVERNMENT OF KUWAIT, WHILE SHARING THE PEACE AIM OF US EFFORTS, HAS REFUSED TO JOIN WITH OTHER CONSERVATIVE GULF STATES IN PUBLICLY EXPRESSING HOPE THAT THE CAMP DAVID SUMMIT WILL

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SUCCEED. THE KUWAITIS ARE DEEPLY PESSIMISTIC ABOUT THE ABILITY OF THE UNITED STATES GOVERNMENT TO BRING ABOUT AN ARAB-ISRAELI SETTLEMENT. THEY ARE FEARFUL THAT AMERICAN EFFORTS WILL RESULT IN FURTHER SPLITTING SADAT'S EGYPT FROM THE REST OF THE ARAB WORLD AND THAT FAILURE OF OUR EFFORTS WILL INCREASE EXTREMIST PRESSURES IN EGYPT WITH A SPILLOVER EFFECT ON THEIR OWN AND OTHER CONSERVATIVE REGIMES IN THE

AREA. KUWAIT, INFLUENCED BY POPULAR CONVICTION AND BY THE FACT THAT ONE FOURTH OF ITS POPULATION IS PALESTINIAN, CONTINUES TO STRONG SUPPORT TO THE PLO AND ITS OBJECTIVES. CONSEQUENTLY, IT TENDS TO TAKE A SOMEWHAT DISTANT ATTITUDE TOWARD US POLICIES IN THE AREA. COLLAPSE OF THE SADAT INITIATIVE COULD LEAD TO A DETERIORATION OF AMERICAN/KUWAITI POLITICAL RELATIONS, ALTHOUGH THE EFFECT ON ECONOMIC TIES, WHICH HAVE A PRACTICAL BASIS, MAY BE LESS SIGNIFICANT.

B. REGIONAL SECURITY: RECENT UNSETTLING DEVELOPMENTS IN THE MIDDLE EAST AND AFRICA HAVE PROFOUNDLY TROUBLED KUWAITI LEADERS. THEY HAVE INDICATED TO US THEIR CONCERN OVER WHAT APPEARS TO BE A SOVIET ENVELOPMENT TACTIC DIRECTED AGAINST THE ARABIAN PENINSULA AND THE GULF BEGINNING WITH THE DEVELOPMENTS IN THE HORN OF AFRICA AND CONTINUING WITH THE COUP IN KABUL, THE DETERIORATING DOMESTIC SITUATION IN IRAN, AND THE ASSASSINATIONS IN THE TWO YEMENS. THESE ADDED TO THE CONTINUING EXPLOSIVE SITUATION IN LEBANON AND THE PALESTINIAN INFIGHTING, WHICH ALSO SURFACED IN KUWAIT, HAS CONTRIBUTED TO AN UNOFFICIAL UNEASINESS IN KUWAIT. THE IMMUNITY FROM GREAT POWER AND THIRD-WORLD CONFLICTS WHICH KUWAIT HAS ALWAYS SOUGHT TO PRESERVE THROUGH CALCULATED IMPARTIALITY AND WIDESPREAD BENEFICENCE NOW SEEMS TO BE THREATENED, THOUGH NO SIGN OF THIS HAS BEEN SURFACED PUBLICLY. NEVERTHELESS, THERE HAS NOT BEEN THE SLIGHTEST SUGGESTION OF A KUWAITI DESIRE TO CONVERT OUR SECRET

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MODEST MILITARY EQUIPMENT SUPPLY RELATIONSHIP INTO ANYTHING INVOLVING CLOSER MILITARY COOPERATION. SHOULD OVERT AGGRESSION AGAINST KUWAIT OCCUR, I.E., FROM IRAQ AGAIN, THOUGH, WE COULD EXPECT TO BE ASKED FOR ASSISTANCE, ALONG WITH THE UK, IRAN, MODERATE ARAB STATES AND THE UNITED NATIONS. IT IS OUR POLICY TO ENCOURAGE KUWAIT TO DEVELOP AND RELY ON SECURITY ARRANGEMENTS WITH ITS NEIGHBORS, BUT THERE HAS BEEN LITTLE PRACTICAL DEVELOPMENT IN THIS FIELD AMONG ANY OF THE GULF STATES.

C. OIL PRICES: THE STATEMENT IN KUWAIT A-004 REMAINS VALID. THE OIL MINISTER IS ALSO SEEKING TO PROMOTE THE USE OF A CURRENCY BASKET TO ESTABLISH A DOLLAR-DENOMINATED PRICE FOR OIL. OUR DIPLOMACY, AS WE NEAR ANOTHER DECEMBER MEETING AT WHICH OPEC STATES WILL DECIDE PRICE LEVELS FOR THE COMING YEAR, WILL BE ENHANCED BY A VISIT BY TREASURY SECRETARY BLUMENTHAL TO KUWAIT IN NOVEMBER 1978.

D. FOREIGN MILITARY SALES: DEMOCRATIC INSTITUTIONS AND HUMAN RIGHTS: KUWAIT A-004 COVERS BOTH TOPICS ADEQUATELY.

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E.. FOREIGN AID: THE STATEMENT IN KUWAIT A-004 SHOULD BE MODIFIED TO REFLECT THE FACT THAT KUWAIT, AND OTHER GULF DONOR STATES, HAVE THIS YEAR FAILED TO BE AS GENEROUS WITH ASSISTANCE TO EGYPT AS WE WOULD HAVE WISHED. WHILE KUWAIT CONTINUES TO ACKNOWLEDGE THE GREAT IMPORTANCE ATTACHED TO MAINTAINING THE SADAT REGIME, KUWAIT'S IMPATIENCE WITH EGYPTIAN EFFORTS TO REFORM THEIR ECONOMY AND STAMP OUT CORRUPTION HAS COMBINED WITH A PERCEIVED DROP IN AVAILABLE RESOURCES TO LIMIT KUWAIT'S READINESS TO OPEN ITS COFFERS FURTHER TO EGYPT. THE GOVERNMENT'S UNHAPPINESS OVER THE DIVISIVE NATURE OF SADAT'S PEACE INITIATIVE MAY ALSO INFLUENCE THEIR ATTITUDE ALTHOUGH KUWAITI OFFICIALS STAUNCHLY DENY THIS.

F. ECONOMIC/FINANCIAL RELATIONSHIPS: WHILE OBSERVATIONS IN KUWAIT A-004 ARE STILL VALID, THE KUWAITIS HAVE BEEN CONSIDERABLY DISCOMFITED BY THE DECLINING VALUE OF THE DOLLAR AND THE RISING INFLATION IN THE U.S. SINCE PAYMENTS FOR THEIR OIL SALES ARE MADE IN DOLLARS, THE KUWAITIS CLAIM THAT THEY ARE SUFFERING CONTINUING FINANCIAL LOSSES AND ARE LOOKING TO THE US GOVERNMENT TO TAKE REMEDIAL ACTION.

G. TRADE PROMOTION: US EXPORT FIGURES SO FAR IN 1978 ARE DOWN FROM PREVIOUS YEARS, REVERSING A CONSISTENTLY UPWARD TREND. IT IS NOT CLEAR HOW MUCH OF THIS CHANGE IS ATTRIBUTABLE TO A SOFTENING OF CONSUMER DEMAND IN THE KUWAITI ECONOMY, OR TO THE IMPACT OF THE US ANTI-BOYCOTT LAW AND OVERSEAS TAX REFORM UNCERTAINTY, BUT CERTAINLY BOTH HAVE CONTRIBUTED.

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HOWEVER, PERSISTENT EMBASSY EFFORTS HAVE RECENTLY RESULTED IN KUWAIT'S ADOPTING CERTAIN NEW PROCEDURES WITH RESPECT TO THE BOYCOTT OF ISRAEL, PROCEDURES WHICH GO FAR TO PERMIT

AMERICAN BUSINESSMEN TO TRADE WITH KUWAIT WITHOUT VIOLATING AMERICAN LAW AND REGULATIONS.

H. MISSION MANAGEMENT:

1. POLITICAL AFFAIRS: AS EXTERNAL AFFAIRS (NOTED UNDER "REGIONAL SECURITY," ABOVE) HAVE BECOME MORE HEATED THIS YEAR, THE ROLE OF THE EMBASSY'S POLITICAL SECTION IN MONITORING KUWAITI INTERNAL POLITICAL DEVELOPMENTS HAS BECOME INCREASINGLY IMPORTANT. THE POLITICAL SECTION CHIEF WILL CONTINUE TO HAVE RESPONSIBILITY FOR MONITORING IMPLEMENTATION OF FOREIGN MILITARY SALES AGREEMENTS (FOR THE DEPARTMENT OF STATE), WORKING CLOSELY WITH THE CHIEF OF THE UNITED STATES LIAISON OFFICE (OUR "MAAG"), AS WELL AS FOR COORDINATING THE POLITICAL REPORTING OF THE EMBASSY. IN THE ABSENCE OF REPRESENTATIVE POLITICAL INSTITUTIONS, AND WITH A PRESS BOTH SUBJECT TO RATHER STRICT GOVERNMENT GUIDELINES AND IRRESPONSIBLY INFLUENCED BY MILITANT PALESTINIAN JOURNALISTS, THE DEVELOPMENT OF VALID SOURCES OF POLITICAL INSIGHT APART FROM THE OFFICIAL LINE WILL BE A HIGH PRIORITY FOR THE POLITICAL SECTION IN THE MONTHS AHEAD.

2. FOREIGN MILITARY SALES: SINCE THE LAST INSPECTION WE HAVE SUCCEEDED IN OBTAINING KUWAITI AGREEMENT TO FUND AN ADEQUATE AMERICAN STAFF FOR THE UNITED STATES LIAISON OFFICE -KUWAIT (USLOK) AND THE NEARLY THREE-FOURTHS OF A BILLION DOLLAR PROGRAM IS PROCEEDING SATISFACTORILY. THE AMBASSADOR CAREFULLY OVERSEES THIS PROGRAM DIRECTED BY CHIEF, USLOK. THE POLITICAL SECTION CHIEF IS RESPONSIBLE FOR CONTINUOUS MONITORING OF THE OPERATION TO ENSURE THAT APPROVED POLICY IS ADHERED TO, AND THAT DEVELOPMENTS HAVING POSSIBLE POLITICAL IMPLICATIONS ARE QUICKLY BROUGHT TO THE AMBASSADOR'S
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ATTENTION.

3. ECONOMIC/COMMERCIAL AFFAIRS: THIS SECTION, WITH A SENIOR OFFICER IN CHARGE AND TWO JUNIOR OFFICERS, ONE PRIMARILY DD TO COMMERCIAL WORK AND THE OTHER CONCENTRATING MORE ON ECONOMIC PROJECTS AND REPORTING, IS HARD PRESSED. HIS RECENT NOMINATION FOR THE DIRECTOR GENERAL'S REPORTING AWARD REFLECTS THE JUDGMENT OF THIS EMBASSY AND OF THE COUNTRY DIRECTORATE THAT THE SECTION CHIEF'S ECONOMIC REPORTING HAS BEEN FIRST CLASS IN EVERY RESPECT. REPEATED SUCCESSES DEALING ON BEHALF OF AMERICAN BUSINESSMEN WITH KNOTTY LOCAL BUSINESS PROBLEMS, AND PARTICULARLY THE DRAMATIC BREAKTHROUGH REGISTERED WHEN THE GOK AMENDED ITS BOYCOTT PRACTICES TO ACCOMMODATE REQUIREMENTS OF AMERICAN LAW, ARE TRULY SIGNIFICANT ACHIEVEMENTS. INCREASINGLY, HOWEVER, AND DESPITE STEADY, HEAVY OVERTIME, ALL THREE OFFICERS ARE OVERBURDENED WITH PREPARING REPLIES TO WASHINGTON REQUIREMENTS, OR ARRANGING SCHEDULES FOR VISITORS BOTH TO AND FROM

KUWAIT. BLESSED AT THE MOMENT WITH AN EXCELLENT LOCAL STAFF,
THE SECTION CONTINUES TO PERFORM IN EXCELLENT FASHION.

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4. CONSULAR AFFAIRS: AS OF THE START OF THE POST'S
INSPECTION, THE CHIEF OF THE CONSULAR SECTION WILL HAVE
COMPLETED A TWO YEAR ASSIGNMENT AND HAVE BEEN RECENTLY
REPLACED. DESPITE UNDENIABLE EVIDENCE OF VASTLY INCREASED
AND STILL RISING CONSULAR WORKLOAD, EMBASSY EFFORTS OVER
ALMOST TWO YEARS TO OBTAIN AN ADDITIONAL VICE CONSULAR
POSITION HAVE SO FAR FAILED IN THE FACE OF THE PRESIDENT'S
BUDGET-CUTTING IMPERATIVES. CONSULAR OFFICERS AND LOCALS
ALIKE MUST WORK LONG OVERTIME TO MEET ESSENTIAL DEMANDS, AS
THE VOLUME OF KUWAITIS TRAVELING TO THE U.S. AND OF AMERICANS
RESIDENT IN OR VISITING KUWAIT, HAS EXPANDED GREATLY. THERE
IS NO LONGER ADEQUATE SPACE, DESPITE RECENTLY COMPLETED
EXPANSION, FOR CONSULAR CLIENTS, AND OFFICE SPACE FOR THE
SECTION'S STAFF IS BARELY ADEQUATE. IT IS HOPED THAT A CAREFUL
REVIEW BY THE INSPECTORS OF OUR CONSULAR OPERATION WILL
RESULT IN FURTHER SUGGESTIONS TO IMPROVE A DIFFICULT
SITUATION, OR CONFIRM AND SUPPORT EMBASSY EFFORTS TO OBTAIN
AT LEAST A FULL-TIME SECOND CONSULAR OFFICER.

5. ADMINISTRATION: (A) IN OUR POST MEMORANDUM OF TWO YEARS
AGO WE POINTED OUT THAT THE EMBASSY HAS KEPT PACE SUBSTAN-
TIVELY WITH THE RAPIDLY INCREASING POLITICAL AND ECONOMIC
IMPORTANCE OF KUWAIT TO USG, BUT THAT OUR ADMINISTRATIVE
SUPPORT CAPABILITY HAS LAGGED BEHIND. WE STILL LACK THE
PERSONNEL, VEHICLES AND SPACE (WAREHOUSING AND OFFICE) TO
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DO OUR JOBS PROPERLY.

(B) OVER THE PAST TWO YEARS, WHAT WAS IN ESSENCE A BRAND NEW EMBASSY STAFF HAS COME TOGETHER AS A FAIRLY SMOOTHLY FUNCTIONING UNIT. STOCKKEEPING, MAINTENANCE, REPAIR AND OTHER ESSENTIAL ADMINISTRATIVE FUNCTIONS HAVE BEEN INSTITUTIONALIZED, AND THE RESULTS SHOW UP IN IMPROVED PERFORMANCE AND MORALE AMONG THE STAFF. GENERAL SERVICES REMAINS AN AREA WHEREIN ONLY CONSTANT OVERTIME BY OFFICERS CONCERNED CAN ENSURE SATISFACTORY PERFORMANCE, GIVEN THE UNAVAILABILITY OF ADEQUATELY SKILLED LOCAL EMPLOYEES. HOWEVER, THE EMBASSY HAS MADE CLEAR TO WASHINGTON THAT ANY ADDITIONS OF AMERICAN STAFF TO THE EMBASSY WILL REQUIRE THE ASSIGNMENT OF AN ADDITIONAL GENERAL SERVICES OFFICER.

(C) THE CHANCERY, DESIGNED FOR A MUCH SMALLER STAFF, IS SHABBY AND OVERCROWDED, AND LITTLE PROGRESS HAS BEEN MADE ON LONG-RANGE PLANS TO IMPROVE THIS SITUATION. ONE MORE STAFF APARTMENT ON THE COMPOUND HAS BEEN CONVERTED INTO OFFICE SPACE, AND ANOTHER EXPENSIVE APARTMENT OUTSIDE THE COMPOUND RENTED FOR THE DISPLACED STAFF. A PROPOSAL TO CONSTRUCT NEW STAFF HOUSING ON THE COMPOUND IS WITH FBO IN WASHINGTON, BUT WE CONCLUDED RECENTLY THAT IMPROVED OFFICE SPACE HAS AN EVEN HIGHER PRIORITY. PRELIMINARY DISCUSSIONS HAVE TAKEN PLACE WITH REPRESENTATIVES OF THE LANDLORD CONCERNING THE POSSIBILITY OF HIS FINANCING A CONSTRUCTION PROGRAM AGAINST INCREASED FUTURE RENT, BUT THESE DO NOT LOOK PROMISING AT THIS STAGE.

III. EVALUATION OF ACCOMPLISHMENTS:

KUWAIT A-004, AS MODIFIED IN THE FOREGOING COMMENTS, REMAINS A USEFUL STATEMENT OF OUR EVALUATION OF ACCOMPLISHMENT OF MISSION'S GOALS AND OBJECTIVES.
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